



DEPARTMENT OF THE NAVY
COMMANDER NAVY REGION SOUTHWEST
937 NO. HARBOR DR.
SAN DIEGO, CA 92132-0058

IN REPLY REFER TO:

COMNAVREGSWINST 4860.1
N02H

19 JAN 2005

COMNAVREGSW INSTRUCTION 4860.1

Subj: CNRSW A-76 MOST EFFICIENT ORGANIZATION (MEO)

Ref: (a) OPNAVINST 4860.7D (draft) 29 Nov 04
(b) OMB Circular A-76 Revised 29 May 03

Encl: (1) Variance Request Template
(2) Cost Comparison Template
(3) Organization Chart Sample

1. Purpose. To establish Commander Navy Region Southwest (CNRSW) policy and procedures for variances to A-76 Most Efficient Organization (MEO) implemented within CNRSW.

2. Background. A-76 studies are conducted and a MEO organization is implemented. Deviations from the original MEO must be documented in a variance report.

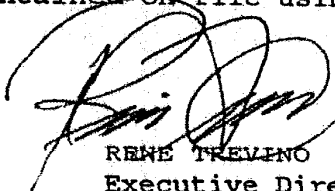
3. Action. CNRSW programs and activities must operate MEO's as developed during the A-76 process. It is imperative that variances driven by changing operational environment and requirements be properly documented to ensure that such variances are implemented in accordance with references (a) and (b) and to provide an accurate audit trail for required reviews of MEO performance. Responsible official individuals may propose revisions to the Performance Work Statement (PWS) and MEO as provided below.

a. Accounting. An MEO is a discrete entity defined by mission, operation, execution, Full Time Equivalents (FTE), cost and term. Whether the MEO operates within a larger organization or not, responsible officials should establish and maintain systems and controls necessary to administer and account for the discrete MEO. Accordingly, at a minimum, Installation Commanders or Program Directors should establish and operate distinct systems to monitor MEO costs, track and confirm quality control according to the approved Quality Control Plan, and implement the approved Quality Assurance Surveillance Plan (QASP).

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b. Documentation. As discussed in reference (a), the major claimant CNI is responsible for approving and documenting changes to the PWS. Additionally, CNI in coordination with the Center of Excellence (CoE) is responsible for maintaining MEO Letter of Obligation including any amendments. Therefore, to support this requirement and provide an auditable documentation trail, responsible officials should maintain current, specific, and accurate documentation defining the PWS and MEO and recording MEO operations. Such documents should include at least the PWS, Agency Tender (Management Plan), Performance Review Reports and MEO activity reports. Records should detail all PWS and MEO revisions and associated defining documents and records for functions performed by the MEO.

c. PWS and MEO Revisions. As noted above, MEO operations must conform to MEO and PWS documents. Where circumstances require adjusted operations and corresponding MEO or PWS revisions, responsible officials may propose revisions through the Navy Region Southwest chain of command for endorsement to CNI. Proposals will state detailed justification and contain specific requested changes to the PWS and resulting changes to the MEO, if any. Proposals should address primary PWS and MEO elements. For example, where an MEO properly performs work omitted from the PWS, officials should propose and specify a PWS revision, not merely additional FTE. On its own authority, the Regional Business Office may approve minor, administrative MEO adjustments that produce little cost effect. The Business Office will staff significant revision proposals within NRSW to include at a minimum review, comments, recommendations, and/or action by Installation Commanders, affected programs, and reimbursable customers. Variance packages submitted to CNRSW will bear endorsements from the Installation Commander, affected Program Director, reimbursable customer, Business Office, Comptroller, and Regional Counsel. Variances to the PWS and MEO may be initiated by any organization impacted by the MEO but will be submitted through the MEO Manager. The MEO Manager will ensure that the variance and its impact to the MEO are properly documented and a record maintained on file using enclosures (1) through (3).



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1. Enclosure (1) through (3) are retained by Business Office.